

BROMBERG AUDIO

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P R O C E E D I N G S

MS. BROMBERG: Marty.

MR. BROMBERG: Yes.

MS. BROMBERG: Hi. I have Marty Bromberg on the phone. Hi, Marty.

MR. BROMBERG: Hi. How are you?

MS. BROMBERG: As you remember, this is Mike Binday from --

MR. BINDAY: Advocate.

MS. BROMBERG: Advocate. Thank you.

MR. BINDAY: How's it going, Buddy?

MS. BROMBERG: I know it's been a while since we all spoke.

MR. BINDAY: I'm good. All right.

So in any case, I sent you an e-mail earlier. I don't know if you saw that. And I can answer any question that Marty has.

MS. BROMBERG: Okay. Great.

So, Marty, why don't you start, and then I'm going to --

MR. BROMBERG: Well, my question is: I have that other policy with you. And what happens if I die before two years?

MR. BINDAY: With the AXA policy?

MR. BROMBERG: With both.

1 MR. BINDAY: Well, the quick answer is, the
2 policy should pay. I mean, there isn't any
3 underwriting I need to know. And underwriting is
4 fine.

5 If you die in the first two years, the
6 insurance companies will -- as a matter of policy,
7 you know, probably contest the policy. That means
8 that they would look into it and see if there is any
9 way they can get out of it before deciding whether
10 or not to pay a claim. All right.

11 I don't know that there is any way to actually
12 get around it. The only way that I've seen this
13 happen is if you misconstrue your medical
14 information. So --

15 Hold on a second. I just have to flip off the
16 cell phone. Someone else is trying to call me.

17 All right. Just so --

18 MR. BROMBERG: My medical advice is 100
19 percent --

20 MS. BROMBERG: Well, I think --

21 MR. BROMBERG: Now, what is -- do I have any
22 lia -- you do this for a lot of people.

23 MR. BINDAY: Uh-huh.

24 MR. BROMBERG: Do I have any liability?

25 MR. BINDAY: The answer, probably not. The

1 worst case scenario is, typically if you die in the
2 first two years and the insurance company says
3 they're not going to go and pay a claim, they would
4 usually refund the premium. And if they refund the
5 premium, everyone walks away.

6 There have been circumstances where insurance
7 companies said you did something that was completely
8 fraudulent and we're not going to go and refund the
9 premium, and then we --

10 MR. BROMBERG: Well, who are they going to
11 refund the premium to?

12 MR. BINDAY: Well, it would be refunded to the
13 trust. And the trust -- you know, basically if the
14 premiums came from a lender or a funder, you know,
15 they would get their money back and, you know, walk
16 away from the deal.

17 MR. BROMBERG: Now, who's the lender? Is it
18 the -- the -- who do you send -- is it the hedge
19 fund?

20 MR. BINDAY: Yes. Well --

21 MR. BROMBERG: What happens is if the hedge
22 fund goes bankrupt?

23 MR. BINDAY: Well, it's just a matter of the
24 hedge fund. That has no impact on you.

25 The -- the answer is that the AXA -- on the

1 AXA -- on the AIG policy, we've got that one
2 scheduled for an upfront deal, meaning -- what's it
3 called -- that someone is going to give you money
4 for it immediately. Technically they give it to the
5 beneficiary, who's your wife -- but I think it's
6 your wife. But they are going to give you money for
7 it immediately.

8 So -- probably -- hold on a second. All right.

9 All right. And -- and the other one we figured
10 was going to go through HM. And that money went for
11 a two-year period. So that -- that's for HM.

12 MR. BROMBERG: Now, what's the difference
13 between the new one here -- the old one is the
14 two-year-period thing, you know. What's the
15 difference on the new one, if I take some money
16 upfront or if I wait two years?

17 MR. BINDAY: Obviously upfront money is
18 guaranteed, and two-year-period money is not
19 guaranteed, and you would always expect you would
20 get more money two years down the road.

21 I will tell you right now that we have an
22 industry that's in a little bit of a crisis because
23 there's been some changes in the past two days, and
24 we're struggling right now to get all the offers
25 honored. So I'm trying to get everything I can

1 approved as fast as I can.

2 HM just called me on the phone call right
3 before yours, and I have someone on hold, which I'm
4 going to have to take in one second, because of the
5 crisis I'm going through right now.

6 HM told me that anything I get approved by the
7 end of next week, they're honoring. And after that,
8 it has to be repriced based on their information
9 coming out from actuaries. So --

10 MR. BROMBERG: By the way, it's upfront, right?

11 MR. BINDAY: If you get it upfront, it's
12 guaranteed, yes. Two years is always a question
13 mark.

14 I've got to put you on hold for a minute to see
15 what's happening on the other line, because it's
16 somebody I do an awful lot with.

17 MR. BROMBERG: Okay. That's fine.

18 MR. BINDAY: Hold on a minute, please.

19 MS. BROMBERG: Oh, yeah. Hi. I'm sorry. My
20 question to you is: Who -- who -- if the insurance
21 companies don't pay the premiums, then they'll
22 refund the premiums because you took out more than
23 one policy. I guess that's what they were saying.
24 They were saying fraud is because you take out more
25 than one policy?

1 MR. BINDAY: Basically that's not why they
2 would claim fraud. Typically, it would be more of
3 a -- you know, a medical or something like that, you
4 know, that you, you know --

5 MS. BROMBERG: Oh.

6 MR. BINDAY: -- had a heart attack. I mean,
7 I've got to tell you, you know, theoretically, they
8 could connect fraud on any number of grounds. But
9 they don't have the ability to find out a lot of
10 things. In medical, you, on the application, sign
11 something giving them permission to go back and get
12 all your records for a couple of years.

13 MR. BROMBERG: My life (inaudible).

14 MS. BROMBERG: Well, when you -- if they don't
15 pay -- if they don't pay the premiums back, then
16 who's responsible for the premium?

17 MR. BINDAY: It's an open question. I mean,
18 could that come back to you? It could. I don't
19 have a good answer for that.

20 MS. BROMBERG: Have they claimed -- have you
21 seen where they've claimed fraud in the case of
22 taking more than one policy out?

23 MR. BINDAY: No. I haven't seen that under
24 that circumstance.

25 MS. BROMBERG: Okay. So I guess what --

1 MR. BROMBERG: (Inaudible) this is so it's
2 totally legal and legitimate?

3 MR. BINDAY: Yes.

4 MR. BROMBERG: Okay.

5 MR. BINDAY: Yes. I mean -- so that's what we
6 do is -- my concern right now is, is not with that.
7 My concern is getting the policies issued and then
8 are the offers going to hold up. I mean, that's --
9 that's what -- that's what I'm more worried about --

10 MS. BROMBERG: Right.

11 MR. BINDAY: -- right now.

12 MS. BROMBERG: So --

13 MR. BINDAY: So, you know --

14 MS. BROMBERG: Well, let's say --

15 MR. BINDAY: I'm struggling over a little --
16 you know, literally in the past two days the
17 industry has gone crazy.

18 MS. BROMBERG: Let me ask you a quick question.
19 Let's say Martin takes out another policy and does
20 it upfront. And then the other -- the first policy,
21 he's already got a year on it, so in about a year,
22 if he decides to sell, he'll sell it.

23 MR. BINDAY: Uh-huh.

24 MS. BROMBERG: So then he'll make a couple --
25 he'll make a little bit of money. But then let's

1 say, God forbid, he passes away after the first one
2 is sold but before the second one, he already took
3 that upfront money, the insurance company comes back
4 and says, we want a refund of all -- we want a
5 refund of the premiums and a refund of -- no, we
6 want a refund of the upfront money, basically,
7 because we're not going to payout the policy.

8 What happens -- like there's such an overlap in
9 time of -- between the first one and the second one,
10 that I'm concerned if something happens in between
11 that time, that he could be liable or stuck for the
12 money.

13 MR. BINDAY: Well, first off --

14 MS. BROMBERG: Do you understand what I'm
15 saying?

16 MR. BINDAY: Unless someone -- unless you get
17 past two years, that -- that policy is valid, and no
18 one can do anything about it. And if you sell it,
19 you sell it. And that is that. The big thing of
20 life insurance is two-year contestable. Then at the
21 end of two years, you know, you're -- you know --

22 MS. BROMBERG: Right.

23 MR. BINDAY: -- it can't be contested. All
24 right.

25 In terms of the one in that theoretical

1 scenario of, he dies, the first one, if he already
2 sold it, obviously, the money goes to the investors.

3 MS. BROMBERG: Right.

4 MR. BINDAY: And he already got paid out for a
5 settlement.

6 MS. BROMBERG: Right.

7 MR. BINDAY: And on the second one, it's still
8 with the investors, and he still got paid out on it,
9 and --

10 MS. BROMBERG: But he may have to pay that
11 money back?

12 MR. BINDAY: In theory, if the policy gets
13 contested, the funder could say, you know what, give
14 us back the money, yeah. That's always in the realm
15 of possibility.

16 MS. BROMBERG: Uh-huh.

17 MR. BINDAY: It's -- most of the time they'll
18 walk away from it. That's not what they're really
19 in the business of doing.

20 MS. BROMBERG: Uh-huh.

21 MR. BINDAY: But -- but could they? You know,
22 it depends on the contract from the funder. They
23 change the contracts on a regular basis. There's
24 things in them that their lawyers put in that may
25 never actually be pursued.

1 I mean, if the insurance company says there was
2 fraud, contests the policy because he died in the
3 first two years, proves there was fraud, and then --
4 you know, and then the funder says, you know, hey,
5 we want the money back --

6 MS. BROMBERG: Uh-huh.

7 MR. BINDAY: -- you probably have to give the
8 money back.

9 MS. BROMBERG: Right. Right. But could
10 Mr. Bromberg get put in jail or anything or --

11 MR. BINDAY: Not if he's dead.

12 MS. BROMBERG: Well --

13 MR. BINDAY: No.

14 MS. BROMBERG: Well, if they contest it -- if
15 they contest it while -- if they contest it while
16 he's still alive, and they want their prem -- their
17 money back, could he --

18 MR. BINDAY: Well, nothing here is in the realm
19 of criminal fraud no matter what. There's still --

20 MS. BROMBERG: All right. He just may have to
21 pay -- he just may have to pay the money back, and
22 we have to pay back the premium -- the commissions
23 and all that?

24 MR. BINDAY: Uh-huh. Correct.

25 MS. BROMBERG: Okay. And they -- well, will he

1 owe the funding company any money?

2 MR. BINDAY: In the case of a loan, no. In the
3 case of an upfront settlement --

4 MS. BROMBERG: Yeah.

5 MR. BINDAY: -- giving him money --

6 MS. BROMBERG: Right.

7 MR. BINDAY: -- and he could have to give that
8 back.

9 MS. BROMBERG: So would we have to pay interest
10 or anything?

11 MR. BINDAY: Allison, the answer is, generally
12 speaking, no. But, you know, each contract has
13 certain language in it.

14 MS. BROMBERG: Uh-huh.

15 MR. BINDAY: And have I ever seen one that put
16 language in asking for interest? Yes, I have seen
17 one funder that did put that type of language in.

18 MS. BROMBERG: Uh-huh.

19 MR. BINDAY: All right. Not somebody that we
20 usually deal with.

21 And are they actually going to enforce that?
22 Probably not.

23 Most of the stuff I deal with simply doesn't
24 have any language that deals with this in any way.

25 MS. BROMBERG: Uh-huh. Okay. So right now

1 we're waiting on two. We have the AIG and the
2 Lincoln National.

3 MR. BINDAY: Uh-huh.

4 MS. BROMBERG: So it seems as though the AIG is
5 pretty much finished? You are just waiting for me
6 to do my --

7 MR. BINDAY: The AIG, it was approved, but
8 we're changing it to a New Jersey application.

9 MS. BROMBERG: Right. So I just have to
10 overnight -- I just have to sign the signature
11 pages?

12 MR. BINDAY: Yeah. And Janet was overnighting
13 those to Mr. Bromberg, I believe. I don't know if
14 she's sending it to you or to Mr. Bromberg. But
15 either case, she was sending that for the
16 signatures. And once we get the signatures, we get
17 it to them, we get the policy approved.

18 MS. BROMBERG: What does he need to sign for
19 the AIG, do you know?

20 MR. BINDAY: The application. Changing from
21 Florida to New Jersey is an entirely new
22 application.

23 MS. BROMBERG: Oh, he's got to fill out a whole
24 new application?

25 MR. BINDAY: Yes. Yeah. You don't have to

1 fill out the whole thing. She copied all the
2 pages --

3 MS. BROMBERG: Oh.

4 MR. BINDAY: -- other than the signatures.

5 MS. BROMBERG: Okay.

6 MR. BINDAY: So all that we need is signatures
7 again.

8 MS. BROMBERG: Oh, okay.

9 MR. BINDAY: Whereas it's a New Jersey -- it's
10 a different application because it's a different
11 state.

12 MS. BROMBERG: Okay. And she marked -- in the
13 meantime, I just wanted to speak to you about the
14 Bromberg -- the Bromberg. Is it a good market with
15 that? I mean, do you still think we should go ahead
16 with that?

17 MR. BINDAY: Well, I think you should go ahead
18 with it, absolutely. You know what, I'm
19 guaranteeing he's not going to lose any money on it.
20 And I wouldn't be putting my money into it if I
21 didn't think I could.

22 So I mean, not that I'm putting a huge amount
23 of my money in, but I'm putting probably -- probably
24 my -- my loss on anything we've added to the
25 policies, if I can't sell it, is 5 percent of what

1 goes in.

2 MS. BROMBERG: Right. Oh, okay.

3 MR. BINDAY: I'm -- I'm -- I'm basically
4 putting my money in saying, you know, this is worth
5 it.

6 MS. BROMBERG: Right.

7 MR. BINDAY: And I'm doing that because I'm
8 counting on making a bigger commission --

9 MS. BROMBERG: Right.

10 MR. BINDAY: -- not using the 5 percent.

11 MS. BROMBERG: Right. So the market is okay --
12 I mean, you see, even though -- you know, the Madoff
13 thing and what's going on, you still see people
14 coming, stepping up to the plate?

15 MR. BINDAY: Well, we've got a bunch of things
16 that we're supposed to be moving forward on this
17 week on an upfront. We've got one European fund
18 that's been buying some stuff.

19 MS. BROMBERG: Okay.

20 MR. BINDAY: And we're -- we have other people
21 that are going to be buying in January. All right.
22 I mean, obviously the end of this year is very low
23 happening. It's basically over this year.

24 Of January, there are people that have
25 announced that they're coming back in and buying

1 stuff. So you know, do I have --

2 MS. BROMBERG: Right.

3 MR. BINDAY: -- orders offered on him? No. Do
4 I expect to get it? Absolutely.

5 MS. BROMBERG: Right. Right. Okay. Okay.
6 But it's worth a shot?

7 MR. BINDAY: Exactly. It's worth a shot.

8 MS. BROMBERG: Right.

9 MR. BINDAY: And you know what, I'll keep it
10 going for up to a full year, if necessary, just to
11 see what happens.

12 MS. BROMBERG: Right. Okay.

13 MR. BINDAY: And if I can't buy into it until
14 the end of the year, we'll let the darn thing lapse.

15 MS. BROMBERG: All right. And they are okay
16 with that? I mean, I guess it's a wash, you know.

17 MR. BINDAY: Is who okay with it? I didn't
18 understand.

19 MS. BROMBERG: I mean, it's a wash, because we
20 pay them and they pay us -- I mean, you pay the
21 premiums, and then they pay the commission, so
22 they -- they're not losing anything?

23 MR. BINDAY: Who? Bridgewell?

24 MS. BROMBERG: The insurance company.

25 MR. BINDAY: The insurance company. No. The

1 insurance company is fine with it. The insurance
2 company is getting paid, and that's all they care
3 about. And if it lapses, it lapses, you know,
4 that's --

5 MS. BROMBERG: Right.

6 MR. BROMBERG: You know, obviously they don't
7 want it to lapse, at least in the beginning.

8 MS. BROMBERG: Right.

9 MR. BINDAY: But the insurance company's ideal
10 situation is that the policy will go into effect for
11 five or ten years and then lapses. But they're not
12 counting on that. They ruled it -- they got out of
13 lapse pricing years ago.

14 MS. BROMBERG: Oh, okay.

15 MR. BINDAY: But, you know, ideally, yeah, they
16 would love to collect really big premiums and then
17 the policy lapse without ever having to pay a death
18 claim. That's --

19 MS. BROMBERG: Right. Of course. Of course.

20 MR. BINDAY: Yeah. But -- so what --

21 MR. BROMBERG: No. No. I kept about 75
22 percent of my equities in either Israel bonds, which
23 paid 6 percent. And nowadays I don't know what
24 they're paying. They're kind of -- you know, when I
25 called up the office, they said, well, we don't

1 know, you know. But I'm going to buy them anyways.
2 They are automatically redeemable. You know, they
3 keep -- they don't even send you the bonds anymore.
4 They just automatically send you the proceeds.

5 MR. BINDAY: Which is nice.

6 MR. BROMBERG: And I have a money market, and
7 the houses that sold are put into different
8 financial institutions. Well, I'm pretty well --
9 you know, I'm in relatively good shape.

10 MR. BINDAY: We're --

11 MR. BROMBERG: The only problem that I have is
12 that I got this fuckin' letter that I find a full
13 recourse loan and I'm going to owe these guys like
14 \$500,000.

15 MR. BINDAY: Yeah. Let me just explain.
16 They're doing -- they are sending stuff that they
17 legally have to send, but that's not the way that
18 their deal works.

19 And there's two options that are very simple.
20 One is, we sell the policy, which everyone is
21 happy. And the second one is, you return the policy
22 to them, exercise the put, and don't owe them
23 anything.

24 And realistically, they've already offered to
25 extend the deal by an extra few months, if

1 necessary, to sell the policy, you know, realizing
2 the markets might not be so great. They don't
3 really want to take it back. They'd rather extend.
4 Not only do them -- on the policies where they see
5 there is a value. But they have offered that.
6 And --

7 MR. BROMBERG: I have a question. By extending
8 it, am I taking any additional risks? Not only put
9 options has a time limit. You know, when you sell
10 and put it on the stock exchange or you buy a put,
11 you sell it as of a certain date. Does this
12 automatically extend that put options to date?

13 MR. BINDAY: Before I make the recommendation
14 to you, I want to look at that paperwork and make
15 sure that they're extending the put as well as the
16 loan, because I don't have the answer to that. I
17 would imagine that it extended the put, but I just
18 don't know.

19 MR. BROMBERG: I just don't want it to be a,
20 you know, caveat and then all of a sudden I owe
21 them, you know, money for the -- for the account.

22 But, you know, rather than take that risk, if
23 you do not have 100 percent certainty, I would just
24 as soon wait till January 8th, or whenever the due
25 date is, January 7th, and then just give it back to

1 them the way the original policy read, so -- I can
2 live without -- without the 100,000 or whatever, you
3 know, I thought I was going to get. That doesn't
4 bother me. I have free insurance. The only concern
5 I have is being liable --

6 MR. BINDAY: Uh-huh.

7 MR. BROMBERG: -- for paying them back, you
8 know, the policy plus the 12 percent.

9 MR. BINDAY: Legal -- I have it being shopped
10 right now, and I will give you more feedback over
11 the next -- in a week or two.

12 MR. BROMBERG: Okay. So, you know, I leave it
13 up to you. My main concern is not having to pay the
14 principal. And when we -- there's new money coming
15 in in January. We still got seven or eight days to
16 try to sell it, you know, so much --

17 My feeling is, if it doesn't sell within, you
18 know, 30 days, then it's probably not going to sell
19 within 60 or 90 days. But that is my own personal
20 feeling.

21 MR. BINDAY: You know, I would disagree with
22 that. But I'm not going to think about it right
23 now. I'd rather get some feedback first.

24 MR. BROMBERG: Right. Right. You really have
25 to determine whether that extension includes --

1 you know, you need it in writing and certified, that
2 it includes, you know, paying that extra premium,
3 and it also includes the extension of the put
4 option.

5 MR. BINDAY: Absolutely.

6 MR. BROMBERG: If my put option expires, you
7 know, I'm up -- I'm up the tree. I'm stuck with
8 having the houses to support me.

9 MR. BINDAY: Mr. Haas (sic), I'm not going to
10 let that happen. This is something we are on top of
11 and are monitoring. And I mean, you -- it is right
12 now with perfect safety built in. And we're just
13 going to confirm it stays that way.

14 MS. BROMBERG: Mike, you told me that they
15 extended the put options for a few months.

16 MR. BINDAY: I'll try to go through all that
17 legal, legal stuff.

18 MS. BROMBERG: Right. You may need it in
19 writing. I mean, you may need it --

20 MR. BINDAY: I want to see it in writing,
21 Allison.

22 MS. BROMBERG: Yeah.

23 MR. BINDAY: All right. I don't take chances
24 on that.

25 MS. BROMBERG: Right.

1 MR. BINDAY: So I want to see their extension
2 in writing just to make sure.

3 MS. BROMBERG: Yeah, definitely.

4 MR. BINDAY: All right.

5 MR. BROMBERG: I don't think I even signed a
6 promissory note. That's why I walked on that. I
7 didn't sign it because I have the original paperwork
8 here, and I still have the -- the arrows that say
9 sign here, sign there. So I don't recall even
10 signing a promissory note.

11 MR. BINDAY: You clearly did sign that, and
12 we'd have a copy somewhere. They wouldn't have made
13 the loan without it.

14 MR. BROMBERG: Oh, I see.

15 MR. BINDAY: That would not have happened. All
16 right.

17 MS. BROMBERG: But just to alleviate your
18 concerns, you're not responsible -- all you have to
19 do is give back the policy, and then everything is
20 made whole.

21 MR. BINDAY: Right.

22 MR. BROMBERG: I don't mind the extension as
23 long as I'm covered, you know, as long as I feel
24 that I have all the -- all the parameters are within
25 the framework of the original agreement. I would

1 think that to meet the policy, in case we are trying
2 to buy --

3 MS. BROMBERG: Yeah. And he may have to sign
4 something also, Mike, my father, to extend it --

5 MR. BINDAY: I'm sure he would.

6 MS. BROMBERG: -- on his end.

7 MR. BINDAY: I'm sure. I would expect that.

8 MS. BROMBERG: And then they would have to take
9 responsibility for the agreement.

10 MR. BROMBERG: Any -- any -- any problem at
11 all, just give it back to them before -- before the
12 30-day deadline.

13 MR. BINDAY: All right.

14 MR. BROMBERG: If there is anything ambiguous
15 or anything that is not 100 percent or on the 10
16 percent.

17 MS. BROMBERG: Yeah.

18 MR. BROMBERG: The same -- I can live without
19 the -- I wasn't planning on any money anyway, okay.
20 That wasn't part of my budget, because I --

21 MR. BINDAY: I want to wrap this up because
22 we're kind of going down the same turf again and
23 again. So I will get answers to you on that. And I
24 will give you a little feedback.

25 MR. BROMBERG: Yeah. You can e-mail me stuff,

1 you know.

2 MS. BROMBERG: All right. You know, I'll be in
3 touch. Okay. All right, Mike.

4 MR. BINDAY: All right. Thank you.

5 MS. BROMBERG: No problem. Thank you.

6 MR. BINDAY: All right. Bye-bye.

7 MR. BROMBERG: Bye.

8 (End of transcription.)

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CERTIFICATE OF REPORTER

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2
3 STATE OF FLORIDA)

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5
6 I, DENISE SMITH BYER, RPR, FPR, Notary Public, do
7 hereby certify that I was authorized to and did
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13 I further certify that I am not a relative,
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15 nor am I a relative or employee of any of the parties;
16 attorneys or counsel connected with the action, nor am I
17 financially interested in the action.

18 DATED June 12, 2017 at Tampa, Hillsborough
19 County, Florida.
20

21 _____
22 DENISE SMITH BYER, RPR, FPR

23 Notary Public
24
25